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No. 99-653

IN THE

Supreme Court of the United States

LORAL FAIRCHILD CORPORATION,

Petitioner,

v.

SONY CORPORATION and SONY ELECTRONICS, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY TO BRIEF IN OPPOSITION

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This petition raises a discrete but fundamental issue of patent law that needs clarification from this Court in light of the Federal Circuit's confusion over the relationship between the doctrine of equivalents and the use of prosecution history estoppel: may prosecution history estoppel be used without regard to the limits required by the public notice function of patent law? In this matter, the court of appeals of the Federal Circuit invoked estoppel to bar a claim by relying on materials that were not part of the public prosecution record and without conducting the analysis of the public record required by *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997).

Respondents' Brief in Opposition not only seeks to inject ill-fated procedural hurdles to the petition, but also mischaracterizes the prosecution record to support the Federal Circuit's legal errors. Respondents' arguments can be summarized in three points. First, they argue that another matter currently before the Federal Circuit, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 187 F.3d 1381 (Fed. Cir. 1999) (en banc), would be a more suitable proceeding to take up the question presented in this petition even though that matter does not involve the limits of the public notice function. Opp. 22-24. Second, respondents incorrectly claim that petitioner failed to raise below the court of appeals' wrongful reliance on confidential information outside the prosecution record. Opp. 3, 4. And, third, respondents defend the Federal Circuit's use of prosecution history estoppel as "straightforward and noncontroversial" even though the court's reliance on selective and incomplete portions of the prosecution record contradicts the basic application of such an estoppel. Opp. 13-14.

I. THIS PETITION IS THE APPROPRIATE VEHICLE TO CLARIFY THE ROLE OF THE PUBLIC NOTICE FUNCTION IN THE USE OF PROSECUTION HISTORY ESTOPPEL.

Respondents suggest that the question presented by this petition should not be taken up in this matter, but should await the Federal Circuit's ruling in *Festo*, a matter currently before the court of appeals on a petition for rehearing. In *Festo*, the court of appeals recently granted a petition for rehearing en banc to address five questions unresolved in the wake of *Warner-Jenkinson*, each of which pertain to the interplay between prosecution history estoppel and the doctrine of equivalents.[1]

1. The court of appeals identified the following issues for consideration on rehearing:

> 1. For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, is "a substantial reason related to patentability," *Warner-Jenkinson Co. v. Hilton Davis Chem. Col.*, 520 U.S. 17, 33 (1997), limited to those amendments made to overcome prior art under § 102 and § 103, or does "patentability" mean any reason affecting the issuance of a patent?
>
> 2. Under *Warner-Jenkinson*, should a "voluntary" claim amendment — one not required by the examiner or made in response to a rejection by an examiner for a stated reason — create a prosecution history estoppel?
>
> 3. If a claim amendment creates prosecution history estoppel, under *Warner-Jenkinson* what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?
>
> 4. When "no explanation [for a claim amendment] is established," *Warner-Jenkinson*, 520 U.S. at 33, thus invoking the presumption of prosecution history estoppel under *Warner-Jenkinson*, what range of equivalents, if any,

(Cont'd)

Although each of the issues under consideration on rehearing in *Festo* involves prosecution history estoppel, none involves the issue raised by this petition: the role of the public notice function of patent law in limiting the application of prosecution history estoppel.

The grant of a petition for rehearing in *Festo* underscores petitioner's point that confusion exists on the Federal Circuit over the proper use of prosecution history estoppel. But *Festo* will not resolve the particular question presented here. That the Federal Circuit expressly acknowledged in *Festo* unresolved issues related to the use of prosecution history estoppel that have arisen out of *Warner-Jenkinson,* but denied a petition for rehearing in this case should be of no moment to this Court. Although it is no doubt helpful for a court of appeals to recognize when it needs assistance, the lack of such self-awareness in a particular case surely cannot limit this Court's supervisory jurisdiction. *See* ROBERT L. STERN ET AL., SUPREME COURT PRACTICE 39-40 (7th ed. 1993).

(Cont'd)

> is available under the doctrine of equivalents for the claim element so amended?
>
> 5. Would a judgment of infringement in this case violate *Warner-Jenkinson's* requirement that the application of the doctrine of equivalents "is not allowed such broad play as to eliminate [an] element in its entirety." 520 U.S. at 29. In other words, would such a judgment of infringement, post *Warner-Jenkinson*, violate the "all elements" rule?

Festo, 187 F.3d at 1381.

II. PETITIONER RAISED BELOW THE COURT OF APPEALS' INAPPROPRIATE RELIANCE UPON NON-PUBLIC INFORMATION OUTSIDE THE PROSECUTION RECORD.

Respondents are simply wrong to claim that petitioner "did not even raise the issue of reliance on non-public information before the court of appeals and should not be permitted to raise that issue here for the first time before this Court." Opp. 3, 4. In both its opening and reply briefs to the Federal Circuit, petitioner warned against the use of non-public information. C.A. Brief for Appellant at 34-35; C.A. Reply Brief for Appellant at 14, n.14. That warning was prompted by the district court's reference to the non-public information. Pet. App. 100a-101a. Despite noting this material, however, the district court stated that its holding could be based only on "the public prosecution record." *Id.* at 101a, 103a. By contrast, the court of appeals disregarded petitioner's warning and expressly relied on "the abandoned divisional application" to sustain the invocation of prosecution history estoppel. *Id.* at 27a. After reviewing the public prosecution history record, the court of appeals acknowledged that "Loral's argument might have appeal." *Id.* at 30a. Yet, the court's legal error arose when it went beyond the public record to consider what it referred to as "the entire record," which included the abandoned application. *Id.*

Accordingly, in its Petition for Panel Rehearing and Suggestion for Rehearing En Banc, petitioner expressly raised this point:

> Finally, the panel's reliance on the Erb article and a related — *but abandoned* — divisional application seeking structural claims (Pet. App. 29a.) is not only legally and factually wrong, but also contravenes the basic "public notice and reliance" precept of prosecution history estoppel. First, the records of an abandoned patent application *are not publicly available*. No "reasonable competitor" would even

> be aware of such records, let alone rely upon them. Such confidential filings are simply not part of the public prosecution history record, and cannot be used to generate an estoppel.

Pet. for Rehearing 10 (emphasis in original).

In defending the court of appeals, respondents point out that the court correctly stated the importance of reliance upon the "undisputed *public record.*" Opp. at 6 (emphasis in original). Announcing the correct standard, however, is quite different from applying that standard. Here, the court of appeals failed to apply the standard, which limits prosecution history estoppel to what is found *exclusively* in the public record. *See, e.g., Sextant Avionique S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 831 (Fed. Cir. 1999); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978-79 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996). Significantly, respondents do not contest that the court of appeals relied, at least in part, upon non-public information. Respondents seek to avoid the force of their concession by arguing that "[t]he court of appeals did not abandon the so-called 'public notice function' of prosecution history estoppel by relying *exclusively, as Loral alleges*, on non-public information." Opp. 3 (emphasis added). But petitioner has never argued that the court of appeals relied *exclusively* on non-public information. Pet. 21, 22. Indeed, it has no need to do so. *Any* reliance on materials not in the public record undermines the public notice function of patent law and is contrary to established precedent.[2] *See, e.g., Sextant*, 172 F.3d at 831; *Markman*, 52 F.3d at 978-79.

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2. Respondents related claim that "Loral erroneously states that the decision reached by the court of appeals *turned on* non-public information" is equally faulty. Opp. 6 (emphasis added). *See also* Opp. at 8 ("Loral is wrong in arguing that the decision of the court of appeals *turned on* non-public evidence." (emphasis added)). Those are not words petitioner has ever used to describe how the court of appeals erred in this matter. Petitioner has never thought it necessary to determine the degree to which the court of appeals relied on non-record information. It is established that any such reliance is inappropriate.

III. THE COURT OF APPEALS' SELECTIVE USE OF THE PROSECUTION RECORD FOR THE '674 AND '485 PATENTS CONSTITUTES LEGAL ERROR.

Respondents, recognizing that their procedural objections to the petition are ill-founded, spend the lion's share of their opposition in a lengthy — albeit highly selective — characterization of the prosecution record for the '674 and '485 Patents. In fact, respondent's misguided attempt to justify the court of appeals' decision is primarily based on cropped excerpts of the respective records. An analysis of each of the prosecution records as a whole, however, reveals the court of appeals' errors.

A. The '674 Patent.

Respondents claim that petitioner surrendered coverage for the process respondent uses when petitioner amended its application for the '674 Patent. Opp. 15-18. The gist of their argument — *i.e.*, that petitioner, faced with a prior art rejection of its application for a claim covering both "naked-gate" and "insulated-gate" masking, surrendered coverage for that claim when it amended its application to include "insulated-gate" masking only (Opp. 7) — is belied by the record.

Respondents crop quotes to create the suggestion that the '674 Patent was granted on the basis of an abandonment of coverage for a process that involved "naked" gates, which was in the prior art. Specifically, to support their contention respondents state:

> [I]n distinguishing the . . . prior art reference, Loral acknowledged that "[t]he use of the insulated gate as a mask shows a technique that is generally known in the semiconductor art" (citation omitted) but unlike the prior art, Loral asserted, "[t]he present invention is directed to a process sequence which includes this [insulated-gate] masking feature as one

> step" and that "[t]his sequence of steps goes far beyond the teaching" of the prior art.

Opp. at 8 (quoting from application to examiner; emphasis added by respondents). Throughout its opposition, respondents argue that the difference between the prior art and the claimed invention as amended was the use of "naked" gates rather than "insulated" gates. Opp. 15-17.

But that is a distinction petitioner never made. Petitioner was well aware that *both* "naked" and "insulated" gates were part of the prior art. It was not the use of any one step or technique that distinguished the prior art; rather, it was the entire combination of elements that was novel. A more thorough examination of the prosecution record, especially petitioner's response to the prior art rejection, supports that conclusion. Indeed, the rest of the paragraph from which respondents selectively quoted exposes the fallacy of their argument:

> *The use of the insulated gate as a mask shows a technique that is generally known in the semiconductor art.* The present invention is directed to a process sequence which includes this masking feature as one step *but which further includes the unique and distinctive steps connecting a single first gate electrode to a single adjacent second gate electrode to form a composite gate electrode.* Thus, not only is a self-alignment of the implanted barriers obtained, but a composite electrode for inclusion in a charge-coupled element is formed. This sequence of steps goes far beyond the teaching of Boleky and, therefore, is not rendered obvious by it.

C.A. Jt. App. A8067 (first emphasis in original; subsequent emphasis added); *See also* Opp. 8. The "unique and distinctive steps" of the application, that which distinguished this claim from prior art, were not whether "naked" or "insulated" gates were used. In fact, the prior art cited by the examiner contained

both "naked" and "insulated" gates. Rather, from petitioner's own words in the prosecution record, if any specifically-identified process step(s) in the present invention distinguished the invention from prior art, it was the "unique and distinctive steps connecting a single first gate electrode to form a composite gate electrode."

B. The '485 Patent.

Respondents likewise mischaracterize the prosecution record of the '485 Patent. Prior to the '485 Patent, "lateral" or "surface" overflow drains were used to control the problem of "blooming." No one had sought to do what the '485 Patent does: place the overflow drain or charge sink means below the chip's surface. This innovation was an unprecedented, breakthrough invention.

The fundamental flaw in respondents' description of the prosecution record is its failure to acknowledge the obvious. The innovation over prior art was the change from a lateral overflow drain on the surface of the chip to a vertical overflow drain beneath the surface. Respondents' own recitation of the prosecution history demonstrates the fundamental shift in technology that occurred with the '485 Patent. The prior art cited by the examiner and referred to by the respondents all involved surface drains. Pet. 23-24; Opp. 18-19. About that there is no dispute. As respondents acknowledge, "Loral amended the claim to specify that the charge sink means is 'located beneath and not in contact with the surface of the said semiconductor material.' " Opp. 10. It was the charge sink's contact with the surface that was the basis for the prior art objection. That objection was met and overcome by describing an overflow drain beneath the surface.

Respondents seek, however, to limit coverage under the '485 Patent to the precise location of the sub-surface overflow drain described by petitioner in its clarification to the examiner. But petitioner never made an express disavowal of coverage to

so limit its claim in order for prosecution history estoppel to apply. Indeed, because this was a breakthrough innovation, there was no prior art of sub-surface overflow drains for which petitioner could surrender coverage. Yet that is the position respondents make and which the court of appeals adopted. In doing so, the court denied petitioner coverage under the doctrine of equivalents for any sub-surface drain other than the precise structure described. The description upon which the court relies for this restrictive view was supplied by petitioner not to distinguish its innovation from any prior art sub-surface drains (because there were none others), but to distinguish its innovation from prior art surface drains (the only type of drains extant).

Such a misuse of prosecution history estoppel denies a patent-holder the protection of the doctrine of equivalents whenever there is a breakthrough innovation and the patent-holder has made any clarification to describe that innovation. This result flies in the face of the instruction of this Court in *Warner-Jenkinson* that prosecution history estoppel may not be used to bar a claim of infringement under the doctrine of equivalents in the absence of a careful examination of the reasons for the amendment. *Warner-Jenkinson*, 520 U.S. at 33. That examination must include an understanding of the prior art and the nature of the patent-holder's innovation. The court of appeals failed to do that here. Had they done so, the jury's finding of infringement would have been upheld.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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